

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

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R 141905Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: EFIN, EPTR, VN

SUBJECT: VENEZUELAN GENEROSITY AND THE IMF

1. UNDERLINED SUMMARY END UNDERLINED IMF DOCUMENT OF AUGUST 6, 1974 STATES VENEZUELA AGREES LOAN FUND DOLS. 540 MILLION FOR OIL FACILITY. AGREEMENT STILL CLOSELY HELD BY FUND AND GOV AND PUBLIC NOTICE TO BE MADE AT SOME LATER DATE.

2. THE CENTRAL BANK OF VENEZUELA (BCV) HAS AGREED TO LOAN IMF AN AMOUNT OF BOLIVARES EQUAL TO SDR 450 MILLION (SDR 1.2 DOLS. 1.00) OF WHICH NOT MORE THAN HALF MAY BE USED PRIOR TO SEPTEMBER 15, 1974.

3. THIS LOAN IS MADE TO THE FUND FOR RELENDING TO MEMBER NATIONS UNDER THE OIL FACILITY NOT THROUGH THE FUND TO THE BORROWERS AS ORIGINALLY EXPECTED.

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4. TERMS AS FOLLOWS: (A) THE FUND SHALL PAY INTEREST QUARTERLY AT AN ANNUAL RATE OF 7 PERCENT, (B) THE LOAN IS TO BE REPAYED IN SEVEN YEARS WITH THREE YEARS GRACE AND 8 SEMIANNUAL INSTALLMENTS THEREAFTER, AND (C) REPAYMENT MAY BE IN SDR'S, US DOLS. OR BOLIVARES.

5. UNDERLINED COMMENTS END UNDERLINED: THE GOV WOULD

BE PROVIDING WHAT AMOUNTS TO A RELENDING CREDIT TO THE FUND. ASSUMING NORMAL COSTS TO THE FUND FOR ADMINISTERING THE LOANS, THE EFFECTIVE RATES TO BORROWERS WILL PROBABLY BE IN THE 10 RANGE. THUS THE GOV WOULD APPEAR TO BE LESS THAN GENEROUS IN THIS FORAY INTO INTERNATIONAL PHILANTHROPY. A COPY OF THE IMF DOCUMENT WILL BE FORWARDED UNDER SEPARATE COVER. KISSINGER

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